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March 26, 2008

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H. *Jonathan E. Fielding*
Director and Health Officer

SUBJECT: **DENIED CLAIM FOR COUNTY COST RELATED TO THE OUTREACH,
ENROLLMENT, UTILIZATION AND RETENTION PROGRAM**

This is to inform you that the Department of Public Health (DPH) received a response to the claim submitted to the State Government Claims Board in an attempt to recover net County cost expenditures for the Outreach, Enrollment, Retention, and Utilization (OERU) Service agreements. The Victim Compensation and Government Claims Board (VCGCB) rejected this claim stating that VCGCB is not the appropriate means to resolve this claim. The State Board staff believes that the court system is the appropriate means for resolution of the claim due to its complexity.

On February 20, 2008, DPH reported to the Board our intent to submit a State claim in an attempt to recover the \$1.9 million in net County cost (NCC) expenditures incurred between the period of July 1, 2007 - September 27, 2007 resulting from the Governor's August 24, 2007 line-item veto of the OERU funds in the FY 2007-08 State budget. On February 22, 2008, the Chief Executive Office (CEO) and DPH submitted a claim to the Victim Compensation and State Government Claims Board (VCGCB).

On March 13, 2008, DPH received VCGCB's letter of response notifying DPH that the County's government claim had been denied. VCGCB rejected the claim stating that VCGCB staff believes that the court system is the appropriate means for resolution of the claim.

Earlier this year, the California Department of Health Care Services (CDHCS) suggested three alternatives to counties for recouping the expenditures for uncompensated services: 1) filing a claim with the State Board of Control (now known as the Victims Compensation and Government Claims Board), 2) seek reimbursement via the Certified Application Assistant (CAA) program, and/or 3) claim reimbursement via the Medi-Cal Administrative Activities (MAA) claims process.

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DPH has now exhausted the option of filing a claim with VCGCB. OERU service providers whose contracts were terminated may seek retroactive reimbursement under the CAA program, however, the County is not eligible for CAA reimbursement as it does not directly employ any of the service providers/CAAs. The final option of claiming reimbursement via a MAA claim is currently underway. A MAA claim plan and invoice will be submitted to CDHCS by March 31, 2008, and DPH hopes to recover up to \$700,000 for MAA services provided during the three months of unsupported OERU services.

DPH will continue to work with the CEO and County Counsel to pursue financial and legal alternatives to address the unfunded County costs.

If you have any questions or need additional information, please let me know.

JEF:sb

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors